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TAGS: [EFIN](#) [PREL](#) [EAID](#) [PGOV](#) [ER](#)
SUBJECT: WORLD BANK SUSPENDS ERITREA DISBURSEMENTS

Classified By: Ambassador Ronald K. McMullen for reason 1.4 (d)

1. (C) DEADLINE MISSED, CASH-FLOW HALTED

As the cash-strapped government of Eritrea missed yet another World Bank repayment deadline, the World Bank Country Director (please protect) told Emboffs October 24 that the Bank, in accordance with policy and regulation, has suspended all disbursements until Eritrea makes good on past and current obligations. Eritrea, more than 70 days overdue on a \$2m repayment, has jeopardized around \$150m in World Bank program funding and credits, as well as over \$40m in EU monies administered by the World Bank in Eritrea.

2. (C) FINANCE MINISTER BLAMES WORLD BANK FOR WOES

The Country Director says Eritrean Finance Minister Berhane Abrehe is "a bitter old man who is very sick-dying actually-and for some reason sees me personally as his enemy." Finance Minister Berhane has reportedly written a series of vituperative letters to the World Bank and others blaming the World Bank generally and the Country Director specifically for attempting to undermine Eritrean aspirations. Berhane, 63 and a veteran of Eritrea's 30-year war of independence, is considered aloof and testy, even by Eritrean government standards.

3. (SBU) AN ORWELLIAN RESPONSE

Perhaps in reaction the World Bank suspension, Eritrea's official website ran an editorial October 25 entitled "A Strategy Whose Relevance Grows Vivid With Time." Its final paragraph (see below) bodes ill for a civil relationship with the World Bank and is a brazen example of the IsaiasQrQgime's attempt to manipulate the destitute and captive population of this once-hopeful land.

Begin Text: Treading along an independent and righteous path towards progress, the Eritrean people have been able to build a nation that stands out in Africa for its political freedom, human rights and dignity, and self-reliance as well as self-confidence. Eritrea has become an exemplary nation where its nationals co-exist in harmony, free from any kind of suppression or exploitation. Without looking for handouts from others, the Eritrean people have been working hard to efficiently utilize their own resources through carefully mapped out development strategies so as to build a bright future. Consequently, the development feats they have been able to accomplish in the few years since independence are by all accounts exemplary and unique. End Text.

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